

PRELUDE TO COMMUNISM

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But peasant prosperity, especially in a village so close to Sofia, was also based on black-market activities. Even in 1945 economists estimated that about ninety-five per cent of all dairy products reached the urban consumer through the black market at prices fantastically high. The peasants, moreover, had learned new ways of circumventing government requisitioning during the war. Just after harvesting, while rye and wheat crops were still in the field, they would shake from one-fifth to one-fourth of the grain onto blankets and secretly hide this amount from the Germans. Then they would, as the law decreed, take the sheaves to the village to be threshed. A part of this threshed grain, varying in amount each year with the size of the harvest, had to be turned over to the authorities at prices fixed by the government, but the previously sequestered grain could be used at home or disposed of at black market prices.

One additional economic factor of importance¹ was the rise in land values, which surpassed the general rise in prices. For instance, I had not been in the village long before I learned how valuable was the land on the right as one approached the village from Sofia. Within two years the land had gone up ten times, from 35 leva per square meter to 300-400 leva. No wonder then that peasants had been ridding themselves of their debts, selling a field or two if necessary to put them in the clear. Some of the poorer families had been deriving extra income from the earnings of about twenty teen-aged girls who went daily to Sofia to work in the knitting mill. This was a concession to industrialism which the Dragalevtsy peasants would not have made back in 1937, and it was already having some effect upon village life.

But perhaps one of the greatest economic changes was the reversal of the trend toward dairying mentioned in earlier chapters. Shortly after my departure from Dragalevtsy, a milk producers' co-operative had been established in the village, largely through government prompting and support, and collected all of the milk formerly taken to Sofia by the individual milkmen. The co-operative also ran a grocery store and sold large quantities of feed to the farmers. Owing to price policies of the co-operative and the government price-fixing agency, the peasants began to consider dairying unprofitable. They

¹ [Following World War II -- Analyst]

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Particular features of public instruction in schools are given in the drawings (fig. 21-23). Bulgaria could properly boast of a vast system of instruction dating from the time of Turkish political and Greek spiritual dominion and oppression. This national system of public instruction penetrated down to the lowest strata of the population and helped the Bulgarian people to preserve their existence for centuries past. 871

51. Bulgarian Reading Rooms. The Bulgarian reading rooms (libraries) are a national institution for education, which were started during the Turkish domination (1393-1878), when the people guarded and developed their enlightenment with their own means. The national reading rooms to-day are organized in a National Union of Reading Rooms, supported by the State. Supplementing the information given in the drawings (Fig. 24) we will give the following data: 217

The books in the reading rooms are distributed, according to their topics and subject matter, in the following manner for 1938:

	Village reading rooms		City reading rooms	
	Number of books	%	Number of books	%
Art and literature	679,885	47.7	269,898	45.3
General works	210,330	14.8	88,987	14.9
Medecine, agriculture, household economy	124,606	8.8	32,704	5.5
History, geography, biography	114,333	8.0	51,501	8.6
Social science	100,415	7.0	60,154	10.1
Mathematics, natural history	32,677	2.3	20,053	3.3
Religion	32,644	2.3	13,401	2.2
Philosophy	30,613	2.2	19,128	3.2
Others	98,705	6.9	40,998	6.9
Total	1,424,238	100.0	596,824	100.0

We have not included in the above statement the books in the municipal libraries, in the large national libraries, supported by the state, as well as in the libraries of the universities and other learned institutions.

52. Cooperative Activity in Bulgaria We may safely say that Bulgaria is a country of cooperative organizations. This tendency in the economic life of the country is inherited too from the long submission to Turkish authority (1393-1878), which was devoid of any 474

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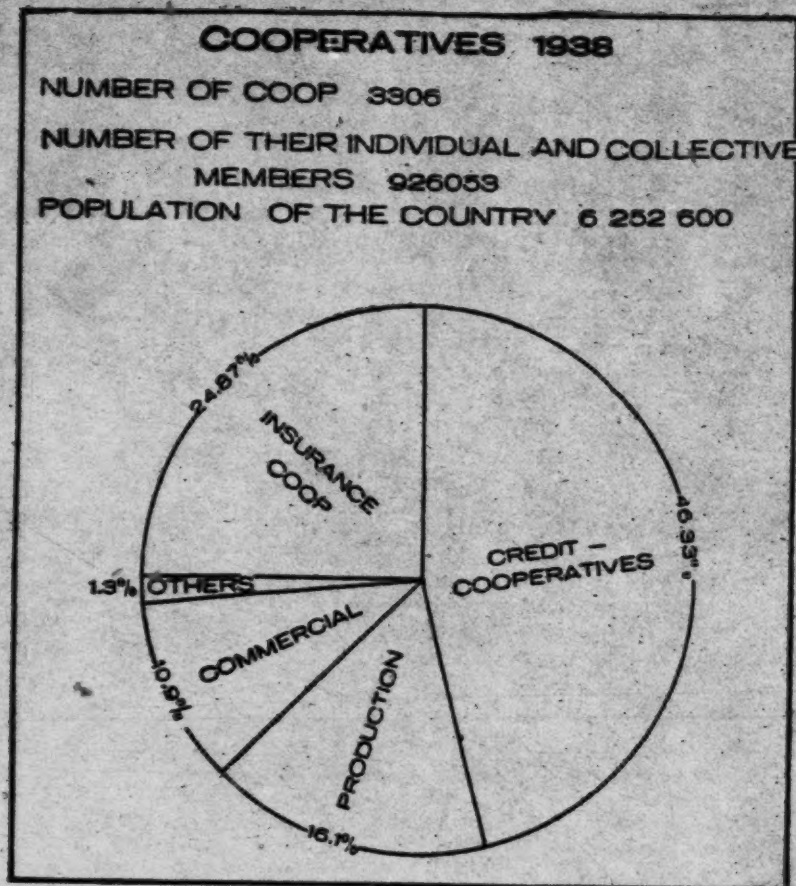


Fig. 25.

feeling of public responsibility. As a reaction to this colourless authoritative attitude developed an inclination towards a wide spread economic organization with public participation, control and responsibility. Here are some general figures regarding Bulgaria's cooperative activity for 1939 (Fig. 25).

Type of cooperatives	Cooperative societies	
	Number	Membership
Productive	735	200,223
Commercial	278	114,713
Credit	2,386	572,963
Insurance	9	151,747
Public works	30	16,929
Union central offices	64	9,534
Total	3,502	966,149

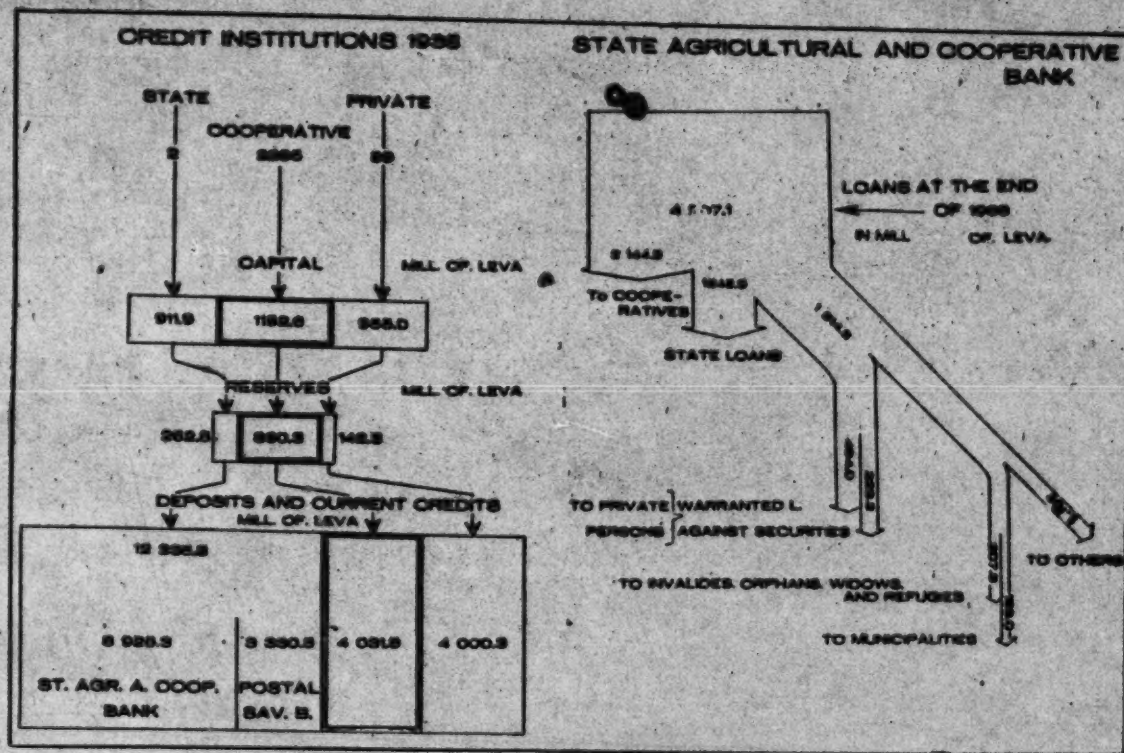


Fig. 26.

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474 With a population of 6.25 millions we have 275 inhabitants per cooperative society, or 1 out of 6.5 inhabitants is a member of a cooperative society. The members of cooperatives make 15.5% of the total population.

745 53. Public Insurance. The income from public insurance for 1938 is 281.4 millions leva. The disbursements for accident, sickness, maternity cases, invalidity, old age and unemployment amount to 155.967.000 leva.

496 54. Bulgarian Railroads. At the time of her liberation (1878) Bulgaria and Eastern Roumelia (South Bulgaria) received from the Ottoman Empire 542 km. = 336 miles of privately owned railroads. With a territory of 103.000 sq. km. = 39.400 sq. miles and a population of 2.8 millions inhabitants at that time, Bulgaria obtained 5.26 km. railroads per 1000 sq. km. territory and 193 km. per 1 million inhabitants. The average railroad intensity of Europe at that time was respectively 24.5 and 600 km. so that Bulgaria was 4.65 resp. 3.1 times less favorable than Europe in that respect. Bulgaria possesses to day (Dec. 31, 1944) 3,760 km. = 740 miles of railroad lines; this makes 33.6 km. per 1000 sq. km. of territory and 522 km. per 1 million inhabitants.¹⁾ Consequently Bulgaria, having increased her railroad network 6.95 times, has increased her network intensity 7.1 times in relation to this territory and 2.7 times in relation to her population (the growth of the population is very rapid). Bulgaria is well nigh to catch up with Europe so far as the average density of the railroad network is concerned. We should not fail to underline this fact, because between 1878 and 1945 the growth of Bulgaria's railroad network for the duration of this 67 years has been at the rate 48 km. of railroads per year. At an average cost of 6.4 millions leva per kilometer for railroads, rolling stock, inventory and other equipment, according to prices of 1941, this would represent an expenditure of about 310 millions leva a year, which is quite a significant amount for the limited financial resources of Bulgaria.

131 ¹⁾ 1945 Bulgaria has a territory of 110.842 sq. km. = 42.800 sq. miles and a population of 6.9 millions. In Fig. 12 read 110.842 instead of 110.342 sq. miles.

161 *[See pp. 110(A) - 110(B) -- Analyst]*

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• 474 The growth of the co-operative movement in Bulgaria and the enthusiasm with which it has been supported by a large number of intellectuals is one of the most hopeful portents in the country, not only because of the material benefits which the peasantry will derive from it, in fact it may prove the only avenue of salvation to the majority of smallholders, but also on account of the ethical training it involves, and the lesson of solidarity and mutual help it teaches its members. In a country where anarchic individualism, and envy of one's neighbour, usually prevail, no propaganda would be more useful to bridle and tame these unsocial propensities than that on behalf of the idea of co-operation. It is therefore highly satisfactory to record that the co-operative movement has met with a great success in Bulgaria in comparison with other countries in the Near East. If it were not for that scourge of politics which has made itself unduly felt also in this branch of social activity, the achievements of the co-operative movement would have been phenomenal and might have equalled those attained in Denmark.

The history of the co-operative movement in Bulgaria is mostly that of the struggle between a few idealists trying to preach coordination and harmony, and the body of intriguing politicians endeavouring to sow discord in order to insinuate themselves in the co-operatives and render them subservient to the political parties; and strange to say, there was no greater sinner in this respect than the Agrarian party, which ought above all to have fostered the growth of the co-operatives since on their success depended the welfare of the peasantry. As M. Petko Ditsev, one of the leaders of the co-operative movement stated in his voluminous memoirs (p. XVIII) published in 1933:

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"In the course of 24 years, I was in continuous conflict with the Bulgarian political parties because their representatives would not remain impartial to the co-operative movement, but always endeavoured to subject it by force or ruse, or demanded leading posts in it when wielding authority". 474

M. D. Berov, a deputy, speaking in the Sobranie on July 17, 1928, also expressed himself in the same way.

"Party influences diverted our co-operatives from their goal a few years ago and turned them into party clubs. Until recently in the statutes of the Bulgarian Co-operative Bank figured article 15 which stipulated that no one was to be assisted if he did not agree to become a member of the Agrarian party. The Co-operative Central Syndicate with a capital of 1,502,000 leva owes eight millions to the Agricultural Bank. All this money was employed, to build a party club and a printing press for the Agrarian party, or distributed among various leading Agrarians (a list of names and sums cited). All this money is as good as lost. This is the crown of co-operative activity of the Agrarians".

In whatever Bulgarians undertake they infuse such a tremendous amount of energy that even if a fraction of it happens to be well directed, the goal aimed at is attained. Most often however they are incapable of coordinating their efforts and their exertions are wasted in counter-checking each other's activities. This will be plainly illustrated by the methods adopted in fostering the co-operative movement and if it has nevertheless survived and prospered, this, proves that local conditions constitute an extremely congenial environment for its development, and that if it be protected from the bane of politics from which it has so far suffered, and if something be done to coordinate and harmonise the forces that have so far impelled it, it is bound to prove an immense and unparalleled success in the country's history. The movement so far has suffered from too great a division of forces, and even governing circles are to blame for setting an 'example of disunion'. Thus instead of confiding to one central bank the

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This instead of confiding to one central bank the
task of financing the co-operatives, two government institutions were entrusted with this aim, with the result that each attempted to detach from the other as many of its clients as possible, and the nefarious example set by these government institutions was followed down the scale by many co-operatives which seemed to take pleasure in tresspassing on each others activities. To crown all, the fissiparous tendency which characterises the growth of every intellectual manifestation in Bulgaria split many groups into rival factions that wasted their means in fighting rather than in helping each other. The recent decision of the Government to amalgamate the Agricultural with the Co-operative Bank, the two governmental institutions financing the co-operatives, ought therefore to be applauded for it will tend to put a stop to the insensate rivalry between the two banks and facilitate the exertion of stricter supervision on their activities since they supply the bulk of the operating funds of the co-operative societies, for after all, it is the one who pays the piper who should call the tune. As the agricultural co-operatives, the popular banks, the producers' societies and the associations of consumers will each be represented by a delegate elected by them in the council of administration of the fused banks, it may be assumed that their respective requirements will be duly studied and attended to. Thus one of the recommendations set forth in the Report prepared by the experts of the League of Nations in 1930 as to the Co-operative movement in Bulgaria has been realised. Any one interested in the state of the country should read this document for in it one will find a plethora of data which will permit one to form a general idea of the prevailing conditions which the experts do not view very optimistically, for according to them:

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"The burden of taxation threatens to undermine the whole economic development of the country. The situation is difficult, but

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better prospects may be secured if the natural capacity, the labouriousness and enterprise of the people are seconded from outside".

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These foreign experts further criticised the tendency of Bulgarian co-operative societies to extend their activities in too many directions instead of specialising in one line. This apparent defect however, seems an unavoidable necessity owing to the restricted field of operation of each society, though on the other hand much could be done to prevent one co-operative from impinging on another's radius of action in order that a local society may not be atrophied by its natural field of activity being too circumscribed and its resources tapped by a distant and more enterprising rival. Thus M. T. G. Vlaikov, another pioneer of the co-operative movement, in one of his works (volume VI) dilates on the rivalry between Agricultural co-operatives and the Popular banks, the latter intruding in villages where the former already function, a policy which he strongly condemns. The experts of the League of Nations were only six weeks in the country and naturally they could not fathom every question, or grasp the extreme penury of the resources of most co-operative societies since it was natural that they should visit first the most progressive and most promising establishments. An average Agricultural credit co-operation has about a hundred members and disposes of a capital of some 100,000 to 200,000 leva, bringing an annual income of 20,000 leva. The advances it secures from either the Agricultural or Co-operative Bank will amount to 800,000 or one million, and this will yield an extra interest over that which it pays of 2%, so that its total income will amount to 36,000 leva, if it restricts itself to purely credit operations. What can it achieve with such meagre means, and how can it defray its running expenses, since it has to provide out of them for rent and at least one man's salary? It cannot hope to expand locally, for the

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• 474 average village contains 100 to 200 houses; for this reason pioneers of the co-operative movement, such as P. Ditsev, suggest that two or three villages should be grouped together and pool their resources.

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452 In order to supplement its revenues such village credit co-operatives are obliged to engage also in retail distribution of commodities and other activities so as to bring down the running costs while the addition of a distributive branch helps them to increase their membership for the apportionment of the "dividend" forms a very alluring attraction, and accounts for a large percentage of adherents though not to the extent prevalent in England where it explains the adherence of three fourths of the co-operative membership (see an Article by Edwin C. Fairchild in the "19th Century and After", August 1934, p. 179) In Bulgaria however, the dividend is paid only partially to purchasers, and usually half of it is retained and placed to the credit of the new customer as his share in the capital of the co-operative society. The great inducement to join a co-operative society is the credit facilities which it accords to its member, for capital is scarce in Bulgaria and rates of interest remain unduly high in spite of the various laws which have been passed to suppress usury. The penury of capital accounts to a large extent for the development of the Popular banks which to some extent increase their roll of membership from among those soliciting advances, the latter being granted only after the applicant agrees to subscribe to the bank's share capital, whereupon his indebtedness to the bank figures partly as money loaned by the bank, and partly as capital of the bank; thus one is often induced to form an erroneous estimate as to the soundness of these banks by assuming that their capital is fully paid up. It also often happens that co-operatives are formed mainly owing to the additional credit facilities which will accrue to

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their members, their founders being solely instigated by this very utilitarian motive which naturally leads to abuses and to the discrediting of the co-operative idea. This might be ascribed to the undue facility with which State funds were placed at the disposal of the co-operative societies by both the Agricultural and Co-operative banks, especially when an influential politician would discreetly hint that a certain „co-operative“ society, often composed exclusively of his own supporters, deserved financial assistance. The present arrangement by which a more effective control will be exerted by the banking authorities which grant these credits will, it is to be hoped eventually eradicate these methods which in the past have allowed several unscrupulous individuals to play ducks and drakes with State funds.

There seems to have been an undue duplication of the granting of credits as well as of the means of placing savings in the rural districts. Thus, a peasant could secure an advance both from the local credit co-operative, as well as directly from the Agricultural bank, and as the interest he had to pay on loans from the latter was lower he preferred having recourse to it. He also patronised the bank rather than the co-operative when it was a question of confiding his savings, because the Agricultural Bank naturally presented a far better security. If it could be arranged for both operations to be restricted to the co-operatives, and if the Agricultural Bank could be eliminated from granting personal credits to peasants, the scope of the co-operatives would be immensely extended and their position correspondingly strengthened as they would be made an indispensable adjunct of village life. All parties would gain by it, for the local co-operative would be better acquainted with the individual needs of its members and better suited to proffer help and advice. This naturally is not so easy to realise, since according to M. I. Nikolov only 160,000

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peasant proprietors out of a total of 800,000, are members of co-operatives.

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The disability arising from the exiguity of means under which the individual co-operative society labours, and which equally prevents the formation of several distinctive co-operative societies in one village capable of ministering to the various major needs of its inhabitants has been circumvented by the creation of regional co-operative centres at convenient localities which by concentrating certain operations are able to provide the needed machinery and render its utilisation remunerative. By such concentration a further economy is effected by a reduction in the staff, for the various activities are seasonal, and occur at various times of the year, and the same personnel can be made to attend to them in turn. These regional centres also serve to concentrate the produce collected by the village co-operatives affiliated to them and help to dispose of it more advantageously than could be done in remote villages; they further serve as local wholesale Societies supplying the retail distributing branches with their requirements which they themselves could not obtain direct. Unfortunately such attempts as have been made to coordinate the activities of these regional centres do not seem to have succeeded so far, for there have been repeated complaints of one underselling the other in the open market and thus contributing to the lowering of prices. This has been particularly manifest in the marketing of tobacco, rival co-operatives undercutting prices whenever foreign buyers made their appearance.

This antagonism which arises from a lack of understanding of co-operative principles is responsible in many instances for the injudicious utilisation of the limited funds at the disposal of co-operative societies; thus instead of two or three neighbouring village co-operatives pooling

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their resources to build one flour mill, or one oil-crushing plant, or one wine press. each co-operative will on the contrary endeavour to construct them independently without taking into consideration that such a plant cannot be provided with a sufficiency of work to render its employment remunerative. Thus losses are incurred through a desire to emulate one's neighbours and capital is locked up unnecessarily when it could be profitably utilised elsewhere. There is no doubt that if all these disunited and often warring forces could be better coordinated an immense advantage would accrue to the country. Such a consummation would facilitate the pursuance of a more coherent and better defined policy and favour the growth of reciprocal relations with foreign wholesale co-operative societies and the International Union of Co-operatives, the support and aid of which could be solicited more advantageously and more authoritatively than by the existing undisciplined and composite body of some fifty various „Centrals" and „Unions", both General and Regional. The extremely difficult task of harmonising their divergent interests and views has been entrusted to a former Radical deputy, M. Ivan Harizanov, whose conscientious devotion to the cause of conciliation renders him well adapted to bring such trying negotiations to a successful end.¹

It is held that co-operation is essentially based on voluntary association, that State control is likely to injure it, and that every form of compulsion from above will destroy it. But in a backward community it is impossible to bring together a mass of isolated individuals in a common economic object, and lay the foundation of a new and better rural society by mere persuasion. The State has to

¹ Unfortunately he has been releaved of his post after the fall of the Gheorghiev Cabinet.

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- 474 provide solid inducements in the form of the indispensable capital which otherwise would be lacking, and it should be in duty bound to exert a strict supervision of its utilisation even if this entails a certain restriction of individual freedom.

Of course mistakes often occur, such as were committed in the case of the compulsory transfer of the attar of roses industry to the co-operative societies. The individual traders were prevented from continuing their activities and as a consequence the export of this product has considerably diminished, since the foreign connection the individual firms had built up could not be utilised by the co-operative societies.

Judging from the variety of co-operative societies in Bulgaria, one may justly infer that it is an extremely popular and attractive form of association, for it has been put to some unique experiences. Tenements have been built on a co-operative basis, several individuals pooling their resources to construct a building in which each would possess a flat. Rose growers and vine growers have grouped themselves together to build a distillery or a wine press and cellar, and there is even a sugar beet factory run on these lines. The Bulgarian is an indefatigable constructor, he revels in hard work, but the only thing which he has not yet learnt is how to coordinate his exertions in order that one individual's efforts may not be directed to counterbalancing or undoing the labour of some one else. Hitherto this is what has been happening, but the co-operative movement is beginning to open the eyes of many and eventually it will prove an excellent lesson in disciplining these antagonistic tendencies.

As has been stated, all the co-operative societies were financed and supervised either by the Agricultural or the Central Co-operative Bank. Those affiliated to the former on December 31, 1933 consisted of:

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Agricultural Credit Co-operatives . . .	1,474
Consumers Distributive Co-operatives .	6
Tobacco Marketing . . .	35
Timber . . .	48
Wine and viticultural Co-operatives	19
Milk and Dairy	7
Vegetable and Tinning	2
Sericultural	1
Fishing	3
Water-power Syndicates	12
Federations & Co-operative Syndicates	41
Various	10
Total .	1,658

The total capital of the above co-operatives figured at 580,358,299 leva their reserve funds at 250,033,020, their depositors at 519,330,713, their advances to members at 1,010,490,147 and their debt to the Agricultural Bank at 1,831, 389,502.¹ They possessed an inventory valued at 222,567,836, buildings estimated at 277,109,226 and land at 40,549,954 leva. Their Roll of membership attained a total of 237,627 individuals and 2981 collective members.

The Central Co-operative Bank on the other hand was assisting the following co-operative Societies at the same date:

Popular Banks	247
Consumers & Distributive Co-operatives . .	64
Artisans	85
General Suppliers	61
Building and Dwellers	52
Insurance	2
Credit	8
Co-operative Syndicates	5
Total	524

¹ At the end of 1934 this sum had increased to 1,898 millions but by June 30 1935, the advances by the now fused Agricultural and Co-operative banks, to all co-operative societies were reported to amount to 2,648,913,900 leva.

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• 474 The capital and funds of these 524 Societies amounted to 2,289,870,000 leva, their depositors at 2,004,000, and their debt to the Central Co-operative Bank to 1,456,815,009. Their roll of membership attained 418,879. The co-operative societies affiliated to the Central Co-operative Bank were mostly operating in urban centres, while those connected with the Agricultural Bank were mainly established in rural districts. This explains why each of the former has on an average five times as many members as the latter and disposes of greater capital resources. The limited number of distributive societies is explained by the fact that most of the credit societies, as well as the popular banks, have branches engaged in the retail distribution of commodities and that they do not limit their activities solely to credit operations. The co-operatives affiliated to the Agricultural Bank, judging from the data supplied by the latter seem to be extremely short of capital, the average loan allotted to an individual member is not even a bare 4,000 to 5,000 leva, and this can hardly satisfy the requirements of a farmer. Occasionally there seems to be an undue discrimination in the apportionment of the Agricultural bank's advances, some co-operatives being favoured at the expense of others. Thus at the end of December 1932 the Tobacco Co-operatives which had a capital of 45,534,409 and funds 26,239,495 leva, owed the Bank the colossal sum of 407,984,625, (at the end of 1934, this sum had increased to 476, million leva) which must be admitted was altogether out of proportion with their capital, all the more so, since this seems to have been altogether locked up; 101,516,990 leva figuring on their balance sheets as buildings and warehouses.

This exaggerated spending on buildings is noticed also in the balance sheet of the viticultural co-operatives which with a total capital of 8,833,354 leva and funds 3,431,316, have an entry of 23,732,780 leva under the

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heading of buildings etc., obviously a part of the 21,384,478 474 •
leva advanced by the Agricultural Bank having been utilised
in their construction. It was reported that they suffered a
loss of five million leva during the year. On December
31, 1934 these co-operatives were reported as numbering
17 with a total capital of 8.6 millions and a membership
of 2,108. They owed to the Agricultural Bank 21 millions
and had a stock of 3.6 million litres of wine. The position
of these co-operatives seems to have been rather critical
for on June 1935 they were owing to private creditors
6,641,500 leva and the Agricultural Bank was forced to
assume the payment of these debts taking over as security
all the buildings of the viticultural co-operative societies.

It would seem that the eventual recovery by the
Agricultural Bank of its advances to these particular co-
operatives is rather problematical. Apparently the 476
millions advanced to the Tobacco co-operatives include
the 150 millions due by the "Asenova Krepost" Co-opera-
tion about which one read in the Agricultural Bank's
Bulletin published in the summer of 1934 the following
avowal: "A great share of responsibility for the catas-
trophe of this co-operative and of that of some others,
likewise credited by the Agricultural Bank, devolves on
the managing board of the bank between 1921 and 1925.
This has been ascertained by a commission of inquiry
which has shown that there was too much thoughtlessness
in financing the co-operatives, and a lack of system in
the policy they followed at the time. This was an attempt
to screen some very disagreeable facts namely that there
had been collusion between functionaries of the Agricul-
tural Bank and of the above mentioned co-operatives to
defraud the State by presenting and passing doctored
accounts as Dr. Tsirpanliev showed in the Sobranye on
April 15, 1926."

Another "bad egg" in the co-operative basket is

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474 the „Vutsa“ which according to the bulletin of July 1935 owes to the Agricultural Bank 538 million leva and to various other persons 272 millions, while its gross income is only 20 millions a year. Over 700 million leva have been engulfed in this enterprise which was planned to harness the waters of the Kritsim river, a few miles to the south of Plovdiv, and provide with cheap electric power the whole of South Bulgaria. Unfortunately the original estimate of the cost of this has been exceeded several times, and finally an auxiliary steam generating station had to be erected in order to satisfy the more pressing demands of the town of Plovdiv, and until such time as the water storage works and the hydro-electrical plant on the river Kritsim are completed. This non-realisation of the hopes placed in this enterprise has caused deep disappointment and has been a blow to the co-operative idea, but such mistakes occasionally happen as has been the case with the Shannon scheme in Ireland, which was estimated to supply the entire Free State with its power and lighting requirements at a cost of £ 5,260,000, and though twice as much has been spent, and another two or three million sterling is to be spent on it, it has now been realised that the supply is insufficient and that an auxiliary scheme must be provided. On the whole it may be said, that the employ by the co-operatives of the funds placed at their disposal by the State has not been as judicious as it might have been. Bulgarians are noted for their parsimoniousness and economy in their private affairs, but unfortunately, when it comes to handling public money they exaggerate in the opposite extreme. There have been complaints of lack of loyalty among co-operators for their readiness to transfer their patronage to private traders whenever the latter offer more profitable terms, but similar remonstrances have often been made also by the directors of the English Wholesale Society at their meetings, and obviously a

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474 Bulgarian peasant co-operator can not be expected to set an example to his British colleagues on this head, but what should be expected of him however is that he should show greater consideration for the means which are placed at his disposal by the community as a whole, and that he should not proceed to dissipate them without regard for their consequences. The following excerpt from the "Artisans' Co-operative Movement", 2nd year, № 4, reveals the mentality prevailing among certain co-operative circles and the editors of the review should be congratulated at reading such salutary lectures to their subscribers:

"During 1932, fifty eight producers societies have shown a loss of 3,502,958 leva, or each co-operative a loss of 60,596 and each co-operator a loss of 3,849. Nevertheless certain co-operators and especially those belonging to the societies least well off, draw daily wages of 175 leva. It is not a question as to whether this is too much but when the money is being withdrawn out of the capital and the sums borrowed by the co-operative, this is a crime. It is strange indeed that these same co-operators when working on their own behalf should have lived within their means, but now they seem to have lost all sense of measure".

Similar abuses were extant among the timber and fishing co-operative societies according to a report the former Minister of Finance, M. Stefanov had communicated to the Ministerial Council and which was commented on by the newspaper *Zora* early in September 1933.

One may form a general view of the activities of some co-operative societies by examining the data for 1933 of the 64 Consumers'Distributive Co-operatives affiliated to the Central Co-operative Bank. These were grouped into two syndicates, 56 belonging to the "Napred" Syndicate, a Social-Democratic body, and the remaining 8, directly affiliated to the Central Co-operative Bank. The groups had memberships of 62,191, and 7688, share capital 13,369,567 and 3,503,911, reserve funds and loan capital of 16,472,194 and 2,291,416. Advances in goods and money

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• 474 of 110,622,277 and 14,481,696 leva respectively. The sales for the year were estimated at 376,289,157 and 37,964,023, and the profit for the "Napred group" was 583,107 leva, showing a diminution of 294,138 on the previous year, while the remaining eight co-operatives had sustained a loss of 4,229,855 leva, this being an increase by 1,729,028 on the loss sustained in 1932. The loss however was not equally apportioned, two co-operatives having incurred a loss of 4,792,880 leva, and six having realised a profit of 752,025. The average purchases per member of the second group was about 4,935 leva or approximately £11.75, while its profit and loss account figured at 5,862,346 and 10,083,209 respectively, disbursements on salaries accounting for 22%, interest for 12%, loss on merchandise for 29% of this latter figure, while 97% of the former figure was ascribed to profit on the sale of merchandise.

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456 The most remarkable success registered among co-operative societies is undoubtedly that of the "Functionaries' Insurance Association", and as M. T. G. Vlaikov pointed out, this result has been secured by its directors' rigorous abstention from politics, honest management and devotion to the aim of the association. Its growing importance may be gauged by the fact that of the total insurances on life in force during 1931, namely of a value of 3,601 million leva, policies to the value of 1424 millions had been issued by this association alone. Its success is well deserved for it has been most generous in dispensing grants to its sick members and it even maintains sickhouses and sanatoria for the construction of which it has spent several million leva.

474 In conclusion the following table may be given of the total number of co-operative societies functioning at the end of 1933 according to the official statistics.

THE CO-OPERATIVE MOVEMENT

	Number of Associations	Members
Credit Co-operatives	1,940	367,345
Consumers'	142	81,033
Buildings & Dwellers' Co-op.	289	10,160
Mutual furnishing	359	73,740
Insurance Co-op. (mainly for insuring cattle)	1,135	182,835
Producers' Co-op.	289	76,163
Unions & Centrals Co-op.	42	16,198
Total	4,203	807,474

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Of these Societies 3,165 operated in rural districts and 1,038 in towns. 58% of the members belonged to societies established in urban districts and 41% to societies established in rural districts. This figure of 807,474 is certainly excessive, but is to be explained by the fact that the same individual may figure in several co-operatives, and it is computed that there are only about 600,000 distinct members. The total capital and funds of these societies amounted to 4,347 million leva and deposits to 2,849 millions, their liabilities amounted to 4,456 millions, while their net profit for the year was reported to have reached 110,366,000 leva.

THE OBLIGATORY LABOUR SERVICE

Owing to Art. 65 of the Treaty of Neuilly abolishing military compulsory service in Bulgaria, those attaining military age are now being utilised to carry out various public works. A special law was voted rendering all men between the ages of 20 and 40 liable to serve during a term of eight continuous months in the labour corps, and subsequently they are liable to be called upon for temporary service for a term of 21 days every year within the communes in which they are domiciled. Exemption from service may be secured through the payment of a

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665 Labor Party, are on the way to Socialism and endeavoring to reach it in a peaceful way. . . . I should like to tell our English friend that we too feel that it is quite possible in Bulgaria, granted the work and necessary preparations, to pass on to Socialism some day without dictatorship of the proletariat, on the basis of democracy and a parliamentary régime.

Now, however, the British Labor Party had become a horde of imperialist hyenas, lackeys of Wall Street. Now Socialism was to be attained in Bulgaria not in a peaceful parliamentary way but by force. To make sure that his audience would swallow this strong meat Dimitrov threw in the ominous warning that the program had been developed under the guidance of Stalin himself; he "personally" had helped with advice and explanations so that any "mistakes" which were made could be "corrected quickly."

The Dimitrov talk, though derided in Yugoslavia as postponing indefinitely the advent of Socialism, nevertheless gave notice that the proletarian revolution would now be pushed in Bulgaria by all means and at all costs. Applied to the agrarian problem, it meant that the class war was to begin in earnest in the villages. Collectivization had not proved any more popular with Bulgarian peasants than it had in other agricultural countries. Even at their face value, the official figures of progress in forming collectives (more delicately called "working agricultural enterprises") were not impressive. And one hesitates to accord them face value because of the ample opportunity and great temptation to juggle statistics. Changes are made frequently in the rules for membership, the presidents of village councils (soviets) are desperately anxious to make a good showing in their reports to Sofia, and the Minister of Agriculture himself hopes to save his skin by reporting progress to Moscow.

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423 At the end of 1948, according to a published Soviet source, 73,000 Bulgarian peasant households owning 300,000 hectares of land were joined in 1,000 agricultural coöperatives (collectives); and by August 1, 1949, the figures had become 146,583 households, owning 538,458 hectares, in 1,594 coöperatives.² Writing in the official Cominform journal in November 1949, T. Chernokolev, a member of the

² N. Vorobyev, *New Times*, Moscow, September 7, 1949.

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Bulgarian Politburo, reported that the number of peasant households had recently reached 147,000 (13.3 percent of all households), the amount of land involved was now 540,000 hectares (11.2 percent of all cultivated land), and the total of coöperatives was 1,600.⁴ Soon after Vulko Chervenkov became Prime Minister⁵ he revealed that at the end of the first quarter of 1950 the number of coöperative organizations had increased by only 33 over the figure given previously, and that the number of peasant families involved had grown by only about 28,000.⁶

This unsatisfactory organizational progress was matched by production failures. The government organ, *Otechestven Front*, complained on March 27, 1949, that spring sowing quotas which should already have been completed were fulfilled only 56 percent for wheat, 45 percent for rye, 55 percent for barley and 51 percent for oats. It called these figures "extremely disquieting."⁷ The results were noticed in the failure of the peasants to meet their wheat and rye requisition quotas in the autumn. Quotas were fulfilled or over-filled in districts bordering the Black Sea or Rumania, i.e. where Soviet pressure was most direct, but in districts towards Yugoslavia they were fulfilled only from 20 to 27 percent and in the three districts of Bulgarian Macedonia 59, 54 and 20 percent respectively. The correspondent of *The Economist* (London, November 5, 1949) who reported these figures remarked that "clearly, the 'Tito influence' does exist in Bulgaria, and especially in Bulgarian Macedonia." In the spring of 1950 the same pattern was repeated. Gaston Coblenz gave quotations from *Rabotnichesko Delo* and other Sofia newspapers calling attention to "disastrous" failures in agricultural production, "disgraceful episodes" where village councils showed "open opposition" to the mechanization of agriculture (an indirect way of saying that they opposed the collective farms), and so on. The spring plowing, supposed to be completed by March 8, was

⁴ *For a Lasting Peace, for a People's Democracy!*, Bucharest, November 18, 1949.

⁵ On February 1, 1950, Chervenkov succeeded Vasil Kolarov, who had died January 23. Chervenkov, who was Dimitrov's brother-in-law, had spent many years in Moscow.

⁶ Harry Schwartz, *The New York Times*, May 18, 1950.

⁷ Quoted by Michael Padev, *Manchester Guardian*, August 16, 1949.

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474 completed only 15 percent on time, and the spring sowing 10 per-
 241 cent.⁸

474 The amount of compulsory self-criticism ensuing on such events,
 565 and the number of purges and trials of officials and arrests and trials
 661 of *kulaks*, bourgeois "saboteurs" and other criminals, can be imagined. In the article already quoted, Mr. Chernokolev admitted that there had been "serious mistakes" even in administering the comparatively moderate Bulgarian collectivization program, with the result that many "injustices" had occurred. Party organizations had failed to gauge correctly what was technically possible, people who owned land without actually working it had been admitted to collectives, even *kulaks* had been taken in, and so on. When lands were exchanged so that practicable coöperative farms might be organized, peasant rights often were "grossly violated." *Kulak* elements "took advantage of this and in a number of cases tried hard to win to their side the disgruntled poor and medium peasants and endeavored to turn them against the coöperatives and the people's power." They not only tried, apparently, but succeeded, for in some villages, the writer records, they fomented "strife between coöperative members and individual peasants," which "created a certain danger for the alliance between the working class and the poor and medium peasants."

Since the Cominform journal is designed for an international audience these comments were more moderate than those made on the spot. In a speech before the Central Committee of the Party in June 1949, Kolarov spoke of "clearly unreasonable and unfair" measures taken against the peasants; of many peasants being forced to join collectives against their will; and of peasants being indifferent to whether crops were big or small, the quota to be sold to the state at a fixed price being much too high—in some cases even comprising the total harvest.⁹

Kolarov put the blame for all that had gone wrong in the countryside on Kostov. So did Chervenkov. So did the Bulgarian press. So did the Committee which investigated Kostov's activities for the Grand National Assembly. It reported that besides the crimes de-

⁸ *New York Herald Tribune*, April 16, 1950.

⁹ Quoted in *The Economist*, London, July 16, 1949.

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scribed in the preceding chapter he had "carried out a policy leading to the estrangement of the overwhelming mass of medium peasants and of a great part of the small peasants from the Fatherland Front and putting them under the influence of *kulaks* and the reaction, thus destroying the union between workers and peasants." ¹⁰ This was very convenient. At one stroke Kostov was linked with the crisis in the countryside, and an excuse was provided for the existence of the crisis. It was not a very good excuse, for the same difficulties with the peasants continued after Kostov had been eliminated from any share in the country's economic life. As for the expectation that the trial would sober nationalist elements in the Party, that did not seem to work out to Moscow's satisfaction either. One count of top-level Communist officials purged in the six months beginning October 1949 showed a tally of nearly 50.

Class war in the villages, presaged by Dimitrov in December 1948, did not materialize at once. The expectation may have been that the simple threat would overcome peasant resistance, but when it did not a new model statute for collective farms was brought up "for discussion," i.e. to prepare the peasants for what the Party had decided would now be imposed by force. Peasants who had come into the collective system and those who had stayed out would both be hit. A member's share in the profits of a coöperative (if there were profits: another story) was henceforth going to be figured 30 percent on the amount of land he had put in and 70 percent on the number of "work days" he contributed, instead of being compensated, as formerly, in direct proportion to the amount of land and the number of "work days." In other words, he was becoming one-third a landowner and two-thirds a state agricultural worker. If he knew about what had happened to the Russian peasants in the final step of the Soviet agrarian "reform" in 1937 he could foresee what would become of the remaining one-third of Bulgarian land values. Actually, of course, the distinction between "rent" for land and "pay" for labor often was theoretical anyway. The product of a collective is turned in to the state in amounts fixed in advance and in return for payment at rates which in practice are confiscatory. A

¹⁰ Report by the Bulgarian radio, Sofia, July 20, 1949, of the proceedings on that date in the Bulgarian Grand National Assembly.

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474 surplus may or may not remain to be divided among the peasants. Often, as Kolarov admitted, there is none. The rate at which it would have been divided if it had existed is then only of theoretical interest. There is no space here to indicate the punishments awaiting the peasants who infringe the new statute.¹¹ Even negligence is defined as "treason to the common good" and punished as—treason. But I must add one item contributed by a Bulgarian friend of mine, for it reveals clearly one of the important intentions of present Communist policy in Bulgaria. In this man's native village the coöperative contains both industrial and agricultural workers. The first group is scrupulously allotted the same number of ration cards as the second. Nothing could be fairer, except that the first group contains 14 persons and the latter about 500. "Recipe for horse and rabbit stew: one horse, one rabbit."

Membership in collectives is "voluntary," but the meaning of this is shown by Prime Minister Chervenkov's description of what is to happen to peasants who do not join. "All tractors and agricultural machines belonging to peasants outside the coöperative farms should be confiscated," he has warned, and in future "only peasants belonging to coöperative farms can use tractors and machines." After this gloss on the 1950 model statute there is no need to go into further details. Peasants who do not have the use of farm machinery cannot fulfill their government quotas, let alone have anything left over to feed themselves and their families. They will "volunteer" or starve.

177 We have seen repeatedly that Bulgaria is the satellite where extreme Soviet measures are given their tryout. She was the first to suppress religious freedom and the first to introduce the system of local government by soviets. She was also the first, as already mentioned, to become officially a one-party state, and Dimitrov was the first satellite leader to proclaim the advent of the dictatorship of the proletariat. Russia's reasons for pushing ahead in Bulgaria seem to be two. It is the country where, with the exception of Rumania, her physical domination comes closest to being absolute. But whereas Russians are contemptuous of Rumanians, and are hated in return, they feel close to Bulgarians in race and language and suppose that they will repay past favors by swinging naturally into their allotted

¹¹ Details are given in *The Economist*, London, May 27, 1950.

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[For information pertaining to cooperative farms and collectivization, see 5: Free Europe Committee, El Europe, category 116, pp. 61, 64-65, 67--Analyst.]